

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION  
FFY 2012 FINAL PROPOSED GOAL SETTING METHODOLOGY FOR  
PUBLIC TRANSIT FUNDS

**Introduction**

The South Carolina Department of Transportation, hereinafter referred to as SCDOT, has prepared this document to describe the methodology used to establish the overall Disadvantaged Business Enterprises (DBE) goal for its Federal Transit Administration (FTA) financially-assisted transit projects mandated by Code of Federal Regulations (CFR) 49 Part 26. When establishing this goal, SCDOT relied upon and adhered to guidance provided in the regulations.

49 CFR, Part 26, § 26.45 requires a two-step process for setting the overall DBE goal, which should reflect the expected level of DBE participation in SCDOT contracts in absence of discrimination.

SCDOT proposes to establish its DBE overall goal for Federal Fiscal year 2012 at 3.5% with the entire amount projected to be met through race-neutral measures.

**Annual Goal Methodology Process (Two-Step Process)**

**I. Step One – Establishing the Base Figure [49 CFR 26.45(c)]**

The Base Figure represents the relative availability of ready, willing and able DBE firms as compared to all firms ready, willing and able to perform work for SCDOT. This ratio, expressed as a fraction, is as follows:

$$\frac{\text{DBEs}}{\text{Non-DBEs and DBEs}}$$

SCDOT opted not to utilize a bidder's list approach because most of the DBE firms identified by the grantees are not certified and listed in the South Carolina Unified Certification Program (SCUCP) directory. SCDOT chose to utilize SCUCP directory and census data, as allowed by 49 CFR, Part 26, § 26.45(c)(1), to determine the Base Figure.

In previous years, the Technical Assistance category was the only possible category for DBE transit contracting opportunities. The majority of DBE contracting opportunities are still identified in this area for DBE management consulting firms. The other categories, Project Administration, Operations, and Capital, could possibly have minimum DBE contracting opportunities for transit activities. DBE contracting limitation in these areas is primarily in-kind services performed by local agencies, specialized vendors, and/or utilization

of statewide procurement contracts. It is more feasible and cost effective for transit sub-recipients to purchase through the state contract for various products or services.

Under the one-time funding program, American Recovery and Reinvestment Act (ARRA), projects were specifically awarded for capital projects including new facilities, renovations or vehicle purchases. This area created more opportunities for DBE firms in construction services. Although, the special funding under the ARRA program allowed contracting opportunities for DBE's, utilization of DBEs was not included in this area of construction for setting the overall FTA goal. Usually rural transit funds are awarded for providing transit services and not construction projects.

In an effort to determine the number of firms willing and able to perform these types of services for transit sub-recipients, SCDOT counted the number of available firms eligible to perform these services and/or provide the necessary products. These firms were listed in SCUCP directory as of June 8, 2011. SCDOT identified 35 consulting firms, 3 distributors and 1 certified public accountant (CPA). These DBE firms have the qualifications to perform transit services or provide products for transit sub-recipients.

SCDOT utilized the most recent census bureau data to determine the total number of management consulting firms, distributors and CPAs in the South Carolina market area. SCDOT identified 1,056 firms under North American Industry Classification System (NAICS) Code 54161 (Management Consulting Services). Using the data collected, SCDOT determined the relative availability of DBEs for public transit contracts in the market area is 3.69%, as indicated below:

$$\frac{39 \text{ SCDOT- (certified DBEs)}}{1,056 \text{ Total market-area firms}} = 3.69\%$$

Based on this, SCDOT has determined its **Base Figure** (relative availability of DBEs) to be 3.69%.

## II. **Step Two – Adjusting the Base Figure [49 CFR 26.45 (d)]**

The regulations require the Base Figure to be adjusted based upon other evidence as follows:

### A. Capacity

Capacity is based upon the volume of work certified DBEs have performed in the past. The question is whether the DBE firms can handle the volume of work in the same ratio as the Base Figure (calculated above as 3.69%).

The race-neutral DBE Goal for the three fiscal years is outlined in Table 1.

<b>Table 1 - Transit Contract Awards</b>				
<b>FFY</b>	<b>Total Awards</b>	<b>DBE Awards</b>	<b>DBE %</b>	<b>RN Goal</b>
<b>2009</b>	\$ 305,252	\$ 46,861	15.4%	5%
<b>2010</b>	\$ 9,074,656	\$ 564,193	6.2%	5%
<b>*2011</b>	\$ 1,485,324	\$ 1,500	.1%	5%

Source: FTA Uniform Reports of DBE Awards and Payments

The above chart reflects a combination of ARRA and regular funds. \*FFY 2011 represents a partial year of contracts awarded by SCDOT and Transit sub-recipients from October 1, 2010 through March 30, 2011. This time period coincides with data submitted on FTA's June 1, 2011 Semi-Annual report. Contract data is reported on the federal calendar year. The federal funds are obligated by FTA for distribution to SCDOT approximately six month after the FFY begins. SCDOT awards contracts to the sub-recipients at the beginning of the state fiscal year, approximately three months later.

SCDOT awarded a technical assistance contract with a DBE consulting firm for the Intercity Bus initiative. The DBE firm will utilize as many DBE sub-contractors as possible throughout the duration of the project. The contract was awarded May 2011 in the amount of \$187,000. This contract award will apply towards FFY 2010-11 SCDOT's DBE goal. These funds will reflect on the December 1, 2011 Semi-Annual report.

As previously stated, SCDOT captured DBE participation on Technical Assistance contracts only. In July 2010 FTA conducted a State Management Review of SCDOT, Public Transit Office. During this review, the consultant stated that all funds for the Rural Program should be considered and included with computation of SCDOT's DBE Goal Setting Methodology Process. SCDOT immediately began capturing data from the sub-recipients for all categories of funding under the rural program.

SCDOT and a DBE consulting firm conducted an extensive review of sub-recipients contract awards for the past three years in all categories; SCDOT's

previous goal achievements; SCDOT and sub-recipient's projected budgets for FFY 2011-2012, and DBE's certification in transit services. The results revealed approximately 3.3% of SCDOT's budget may possibly be available for contracting opportunities.

Other information revealed that sub-recipients are currently in multi-term contracts with CPA's. In addition, ARRA funds will no longer be available. These circumstances decrease the budget of funds available for contracting opportunities.

Many DBE firms do not perform the specific transit services needed for the transit sub-recipients. As identified, 39 SCDOT certified DBE firms are available to perform transit-related activities. In light of this situation, SCDOT expects to continue outreach sessions to attract more DBE firms in the transit area. Also, efforts are being made to encourage transit sub-recipients to review future annual budgets more closely in order to increase DBE participation when feasible.

In consideration of the above factors, SCDOT calculated the base figure percentage and possible DBE contracting opportunities percentage to determine an average goal. SCDOT is proposing a 3.5% DBE participation goal for FFY2012.

#### B. Dollars Available

The breakdown of SCDOT Public Transit's budget for FFY 2012 by category is outlined in Table 2 as follows:

<b>Table 2 – FTA Transit Dollars</b>		
<b>Categories</b>	<b>Available</b>	<b>Contracting Opportunities</b>
Project Administration	\$ 2,420,375	\$ 119,251
Capital	\$ 1,102,470	\$ 0
Operations	\$ 5,400,450	\$ 4,814
Technical Assistance	\$ 382,000	\$ 195,000
State Administration	\$ 450,405	\$ 1,500
<b>TOTAL</b>	<b>\$ 9,755,700</b>	<b>\$ 320,565</b>

### C. Other Evidence

SCDOT is not aware of any other evidence that would be pertinent to its goal-setting process.

## **III. Step Three – Setting the Public Transit Goal**

SCDOT has established its FFY 2012 DBE goal at 3.5% to be met through race-neutral measures.

## **IV. Public Participation – 49 CFR 26.45(g)(1)**

(g) In establishing an overall goal, you must provide for public participation. This public participation must include:

(1) Consultation with minority, women's and general contractor groups, community organizations, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and your efforts to establish a level playing field for the participation of DBEs.

In an effort to satisfy the requirement of public participation, SCDOT held public consultation meetings February 3, 2011 in Columbia South Carolina; and February 7, 2011 in North Charleston South Carolina. SCDOT disseminated over 1,400 meeting notifications to firms and other interested parties. The invitees included the current listings of all firms on the South Carolina Unified Certification Program (UCP) Directory, SCDOT's Pre-qualified contractors and SCDOT's consultants at the time of the mailing. Additionally, SCDOT invited UCP partners, along with Metropolitan Planning Organizations (MPOs), Council of Governments (COGs) and transit providers. Invitations also included various minority and women's organizations, to include but not limited to, the NAACP, Urban League, Hispanic Contractors and South Carolina Women in Business. Additionally, the Carolina Associated General Contractors (AGC) and Business Development Centers from Benedict College, South Carolina State University, University of South Carolina, Clemson University, and Winthrop University were included to provide feedback. Invitations were extended to members of the South Carolina Legislative Black Caucus, the Governor's Office of Small and Minority Business Assistance, along with local Federal Highway Administration representatives. A collective total of one hundred (100) individuals (75 DBE firms/other organizations) were in attendance. In an effort to satisfy both the highway and transit requirements relating to the establishment of DBE goals, the department opted to conduct "2-in-1" meetings to satisfy goal setting requirements of both the Federal Highway Administration and the Federal Transit Administration. Based on this,

SCDOT selected two (2) DBE certified firms to serve as facilitators (Maxim Communications Group, Inc.) to function as the lead facilitator, as well as conduct the highway breakout session and Marybo Enterprises to conduct the transit breakout session during the consultation meetings). In preparing for the meetings, SCDOT met with facilitators and communicated with FTA to develop an agenda and discuss the logistics of the consultation meetings. Invitations were developed and SCDOT sent meeting notifications to firms and other interested parties.

The actual meetings consisted of three (3) parts. Session 1 was the general session, and Session 2 consisted of two breakout meetings (highway and transit), which ran concurrently. The final part of the meeting consisted of the group coming back together for the meeting wrap up and closing remarks. SCDOT considered the input from these groups in setting the proposed goal as required by 49 CFR §26.45(g) (1).

Additionally, SCDOT will publish the attached Notice of Proposed FFY12 DBE Goal soliciting comments from the public in following local newspapers: Millennium Magazine, Black News, Carolina Panorama, Hispanic Connections and The Community Times, all minority focused publications; The Greenville News; The Charleston Post and Courier; The State (Columbia, SC); The Sun News (Myrtle Beach, SC); and South Carolina Business Opportunities (State Procurement publication). SCDOT will also publish the Notice and a copy of the Goal Statement and Methodology and solicit input from the public on SCDOT's website at <http://www.scdot.org/doing/dbe.shtml>.

The Goal Statement and Methodology will be available for inspection for a period of 30 days from the date of the notice, during the hours of 8:30 a.m. and 5:00 p.m. at SCDOT Headquarters, 955 Park Street, Columbia, SC, in the Business Development Center, Room 107 and on SCDOT's web site at <http://www.scdot.org/doing/dbe.shtml>. SCDOT will accept written comments on the goals for 45 days from the date of the notice. Written comments must be sent to Ms. Carolyn "DeeDee" Burton, Program Manager, SCDOT, and P.O. Box 191, Columbia, SC 29202.

SCDOT will also send letters to persons who would be expected to be interested in the DBE program, enclosing copies of the proposed Goal Statement and Methodology and soliciting comments. Letters will be sent to the Transportation Association of South Carolina(TASC); South Carolina Commission on SC Minority Affairs (entity representing multiple minority interests); Chair of the South Carolina Legislative Black Caucus; Hispanic Contractors Association of the Carolinas, the South Carolina Women in Business and Alliance for Women c/o Columbia College.

SCDOT will consider any written comments it receives from the public in setting its final goal. After consideration has been given, SCDOT will issue its final goal statement and methodology. SCDOT believes that this procedure satisfies the public participation requirements set forth in 49 CFR §26.45(g) (1). Additionally, the department feels that its goal methodology is consistent with the requirements of 49 CFR §26.45.